

Message Text

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C O N F I D E N T I A L WARSAW 8729

NODIS - FOR UNDERSECRETARY COOPER

E.O. 11652: GDS
TAGS: EFIN ETRD PL US OVIP (KREPS, JUANITA M.)
SUBJ: POLISH REQUEST FOR RESCHEDULING OF DEBT REPAYMENTS TO
U.S. GOVERNMENT DURING THE YEAR 1978

1. INTRODUCTION AND SUMMARY. IN THE COURSE OF SEPARATE MEETINGS WITH SECRETARY OF COMMERCE KREPS IN WARSAW ON DECEMBER 1, BOTH POLISH PRIME MINISTER PIOTR JAROSZEWICZ AND MINISTER OF FINANCE HENRYK KISIEL MENTIONED THE DESIRABILITY OF SOME RESCHEDULING OF POLISH DEBT REPAYMENTS TO THE UNITED STATES GOVERNMENT DURING THE YEAR 1978. THE SUBJECT WAS RAISED DURING DISCUSSIONS OF POLAND'S ACUTE AGRICULTURAL DIFFICULTIES AND URGENT NEED FOR THE MOST FAVORABLE POSSIBLE CREDIT TERMS TO BUY GRAIN AND OTHER FOOD PRODUCTS. THE FOLLOWING IS BASED ON UNCLEARED DRAFT MEMORANDA OF CONVERSATION. END INTRODUCTION AND SUMMARY.

2. PRIME MINISTER JAROSZEWICZ SAID THAT, IN ADDITION TO THE PROBLEM OF OBTAINING US CREDITS FOR GRAIN IMPORTS THIS YEAR AND IN FUTURE YEARS, " A SECOND MAJOR PROBLEM FOR POLAND IN ITS RELATIONS WITH THE UNITED STATES CONCERNS THE YEAR 1978." POLAND WISHES TO ASK FOR SOME REDUCTION IN ITS PAYMENTS TO THE UNITED STATES NEXT YEAR." HE NOTED THAT SOME TIME AGO THE UNITED STATES HAD HELPED POLAND BY SUSPENDING POLISH REPAYMENTS ON PL-480 DEBT FOR A PERIOD OF TWO YEARS. THIS US ACTION HAD PERMITTED THE POLISH GOVERNMENT TO CONTINUE ITS PURCHASES OF US AGRICULTURAL PRODUCTS
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AND FEED ITS PROPLE.

3. FINANCE MINISTER KISIEL RAISED THE POSSIBILITY OF RESCHEDULING IMMEDIATELY AFTER SOME COMMENTS ON POLAND'S GOOD RECORD IN CLEARING UP ALL OF ITS OLD FINANCIAL ISSUES WITH THE UNITED STATES, E.G., BOND ISSUES OF THE 1920'S, AND ALSO IN MAKING ALL DEBT REPAYMENTS ON TIME. HE THEN SAID THAT IT WOULD, HOWEVER, BE

DIFFICULT FOR POLAND TO MAINTAIN THIS RECORD IN THE FUTURE.
"MAYBE POLAND WILL HAVE TO ASK THE US GOVERNMENT FOR SOME HELP."
HE NOTED THAT OVER THE NEXT THREE YEARS POLAND'S REPAYMENTS TO
THE UNITED STATES GOVERNMENT ALONE -- ASIDE FROM THOSE DUE TO
OTHER CREDITORS -- WILL AMOUNT TO OVER \$380 MILLION. THEY WILL
INCLUDE \$280 MILLION IN CCC PAYMENTS, \$54 MILLION FOR PL-480,
AND BETWEEN \$50 AND \$60 MILLION IN PAYMENTS TO THE EXPORT-
IMPORT BANK. "THEREFORE, I ASK YOU TO CONSIDER THE POSSIBILITY
OF EASING OUR CREDIT CONDITIONS."

4. SECRETARY KREPS' RESPONSES TO BOTH JAROSZEWICZ AND KISIEL
ON THIS SUBJECT WERE NON COMMITTAL. SHE NOTED THAT THE UNITED
STATES WOULD PURSUE THE SUBJECT FURTHER WITH THE GOVERNMENT OF
POLAND AND STRESSED THE URGENT NECESSITY OF POLISH SUBMISSION OF
DETAILED FINANCIAL INFORMATION BEFORE THE UNITED STATES CAN EVEN
BEGIN TO CONSIDER ANY ADDITIONAL CREDIT RELIEF FOR POLAND --
EITHER THROUGH NEW CREDITS OR RESCHEDULING. THE SECRETARY
LISTED A NUMBER OF SPECIFIC CATEGORIES OF INFORMATION WHICH WOULD
BE REQUIRED, SUCH AS THE SIZE AND COMPOSITION OF POLAND'S CURRENT
HARD-CURRENCY DEBT STRUCTURE, GOLD AND FOREIGN-EXCHANGE RESERVES,
ANNUAL AMORTIZATION AND INTEREST-PAYMENT SCHEDULES, PLANNED EXPORT
GROWTH, AND HARD-CURRENCY EARNINGS. SHE ALSO NOTED THAT WE WILL
NEED SOME SPECIFIC INFORMATION ON JUST WHAT ASSISTANCE POLAND HAS
IN MIND, ADDING THAT IF THERE IS TO BE ANY SIGNIFICANT DISCUSSION
OF THIS PROBLEM DURING THE PRESIDENT'S FORTHCOMING VISIT TO WARSAW,
THE INFORMATION WILL HAVE TO BE PROVIDED SOON.
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5. BOTH JAROSZEWICZ AND KISIEL REPLIED THAT THE NECESSARY INFOR-
MATION WILL BE MADE AVAILABLE ON A STRICTLY CONFIDENTIAL BASIS,
ALTHOUGH KISIEL WAS MUCH MORE PRECISE IN HIS REPLY THAN JAROSZEWICZ.

6. THE COMMENTS OF JAROSZEWICZ, KISIEL, AND OTHER POLISH
OFFICIALS ON OTHER SUBJECTS ARE BEING REPORTED SEPTTEL.
DAVIES

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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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